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REPORT

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 28-82

WASHINGTON, July 14--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

Despite the delayed opening of the St. Lawrence Seaway, CANADA's grain movement has been running at a record pace. Current weekly rates have reached 700,000 tons per week, exceeding the previous record by almost 200,000 tons. This volume of movement indicates new export records for wheat, barley, corn and rye. Total exports of Canadian western grain and oilseeds are expected to reach the Wheat Board target of 26 million tons, and may actually exceed it. Monthly export clearance from West Coast ports have broken records during 8 of the 10 months of the August-May period. Movement through the St. Lawrence Seaway and Thunder Bay have also been better than previously expected. Grain movement has increased dramatically with a shift of capacity away from non-grain bulk commodities. Movement of non-grain bulk commodities has slowed considerably, a result of recessionary economic pressures.

TURKEY recently purchased 50,000 tons of U.S. corn for July delivery. This is the first time Turkey, a large corn producer, has imported corn since a 5,000-ton purchase from the United States in 1971. Turkey is interested in expanding its poultry production and has become an exporter of poultry products to neighboring Middle East countries. Becoming a reliable agricultural supplier to the oil rich countries of the region is one way in which Turkey is attempting to improve its precarious balance of payments situation. Turkish poultry output has been growing at almost 2.5 percent per year, reaching 82,000 tons in 1981.

CANADA recently announced an additional 500,000-ton sale of wheat to China for August-December delivery, bringing total sales to China for August 1982-January 1983 delivery to 2.2 million tons. Through May, current August 1981-July 1982 Canadian exports to China were 2.5 million tons. These recent sales are well within Canadian-Chinese renegotiated grain agreement levels of 3.5-4.2 million tons annually and suggest the possibility of considerably higher Canadian exports to China in 1982/83. During the past few years, Canada has exported 2.5-3.5 million tons to China annually.

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SYRIA is expected to import more than 800,000 tons of wheat and corn in the 1982/83 July/June year because of poor weather and deteriorating grain crops in the southern parts of the country. Wheat imports could total up to 600,000 tons, compared with less than 300,000 tons in 1981/82. In addition, Syrian barley exports will probably have to be curtailed.

Syria's grain purchasing agency, Estcereal, has not been able to fulfill its procurement targets in wheat (40 percent of target) or corn (20 percent of target), increasing the likelihood of larger imports than in the 1981/82 year. During the past 5 years, the United States has supplied about 50 percent of Syria's corn imports, but only 5 percent of their wheat imports. The expected increase in wheat imports in 1982/83 to twice the 1981/82 level of about 300,000 tons may provide an opportunity for more U.S. sales.

Decreasing prices for corn imported into KOREA have helped fuel strong demand for animal feeds, particularly in the swine and poultry sectors. Formula feed production in 1982 is now forecast at 3.9 million tons, an increase of 400,000 tons over 1981, a year of no growth for Korean mixed feed producers. Feed production during January-May 1982 was running almost 25 percent ahead of last year.

The declining price of corn is making it more attractive to Korean feed producers than tapioca pellets. Although Korea agreed to purchase 30,000 tons of Thai tapioca pellets for delivery in April-June 1982, the Korean Feed Association has held up purchasing because of corn's current price advantage. Korea is expected to import about 2.5 million tons of corn in 1982/83 (July/June). The United States supplies almost 100 percent of Korea's corn imports.

WORLD grain production in 1982/83 is forecast at 1.621 billion tons, 1 percent below last month's forecast and the 1981/82 outturn.

WORLD wheat production for 1982 is forecast at a record 445 million tons, 3 percent below last month's forecast. Dry weather has reduced crop prospects in the Soviet Union and Australia, while the estimate for India has also been reduced because of harvest difficulties. Favorable weather conditions have caused a slight increase in the forecast for Canada.

WORLD coarse grain production in 1982/83 is forecast at 764 million tons, down 1 percent from last month's forecast. A 6.0 million-ton decline in the Soviet estimate and poorer prospects in Eastern and Western Europe, Australia, and Thailand account for the decline from last month's forecast.

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WORLD rice production for 1982/83 is forecast at 412 million tons (rough basis), up slightly from last month's estimate and 1.4 million tons above the 1981/82 crop. Substantial increases in production for 1982/83 are expected in Bangladesh, Burma, China, India, Japan, and the Philippines. This primarily reflects increases in planted area and a rise in average yields due to the introduction and further adoption of higher yielding rice varieties.

Significant declines are expected in the United States, South Korea, and Thailand. Continued dry conditions during May and June in South Korea and Thailand have caused a deterioration in crop conditions and, as a result, production estimates were adjusted downward. The decline in the United States is largely due to reduced acreage reflecting low rice prices and the impact of the voluntary acreage reduction program.

OILSEEDS AND PRODUCTS

WORLD oilseed output for 1982/83 is forecast at a record 181.2 million tons, up 8.4 million tons over last year, and up 3.5 percent over last month's forecast. Significant soybean production gains are expected in several major producing countries, particularly the United States, Brazil, and China. Noticeable gains are indicated for rapeseed in China, Canada, and Western Europe, and for sunflowerseed in the United States and Western Europe. Declines expected for U.S. cottonseed and peanut crops will only partially offset the large gains for soybeans and sunflowerseed.

Soybean output for 1982/83 is forecast at a record 95.1 million tons, up 7.8 million tons from last year, and is accounting for nearly 93 percent of this year's forecast gains in oilseed output. U.S. output is expected to be up by 3.4 million tons to 58.65 million. Other major gains are anticipated for Brazil, up 2.7 million tons to 15.5 million tons, or 21 percent; Argentina, up 0.3 million to 4.6 million tons; and China, up 0.8 million tons to 10.0 million. Most of the gains are based on larger area and near-normal crop growing conditions.

Cottonseed output for 1982/83 is forecast at 25.6 million tons, down 2.2 million or 7.8 percent. A 2.4 million-ton estimated drop in the U.S. cottonseed crop is partially offset by growth in foreign production, primarily in China.

Sunflowerseed production in 1982/83 is currently forecast at 16.0 million tons, 12 percent above 1981/82. Production in each of the three major producing countries is expected to exceed last year's levels. Production in the United States may be up 41 percent to 3.0 million tons, while the Soviet sunflowerseed crop may increase 4 percent to 4.8 million tons. In Argentina, production is forecast at 1.9 million tons, up nearly 9 percent from last year's crop.

Current indications are that world rapeseed production in 1982/83 will total 13.3 million tons, up 6 percent from 1981/82. Increases in area will lead to expanded production in China, Canada, and Western Europe.

WORLD peanut production in 1982/83--at 18.7 million tons--is virtually unchanged from 1981/82, while world flaxseed production will be up nearly 7 percent to 2.2 million tons.

DAIRY AND LIVESTOCK

Milk production in VENEZUELA is expected to total roughly 1.4 million tons in 1982, 3 percent more than in 1981, according to the U.S. agricultural counselor in Caracas. Favorable weather and an expected increase in the support price are the basic factors underlying the growth. However, Venezuela will remain a deficit milk producer, requiring imports, probably of whole dry powdered milk.

Farmers and others in the milk industry are hoping incentives for milk production will be increased. Two efforts under consideration are an increase in the government subsidy rate and a speedup in the system of subsidy payments, which reportedly take 3-4 months.

Dry weather in eastern AUSTRALIA during the past 2 months is expected to increase slaughter levels this year and further delay rebuilding of cattle inventories, which were only 75 percent of record 1975 levels as of March 31, 1982.

New South Wales and Queensland, which account for more than 65 percent of Australian beef cattle, are hit most seriously by the lack of rainfall. In Queensland, April-June rainfall this year was less than 50 percent of normal at 15 of 16 reporting weather stations, and less than 20 percent of normal at 7 stations. In New South Wales, rainfall was less than 50 percent of normal at 9 of 12 stations and less than 20 percent of normal at 3 stations. Even if weather conditions in Australia were to follow normal weather patterns, no recovery is likely until November or December.

COTTON

In MEXICO, weak mill demand and a nationwide strike starting June 26 that has closed cotton mills will cut earlier 1981/82 projections of cotton consumption by about 8 percent, according to the agricultural counselor in Mexico City. Industry sources indicate demand has been weak and use of synthetic fibers strong during the 1981/82 season. Previous strikes have lasted 2-3 weeks.

MEXICO's 1982 cotton crop is expected to be down nearly 0.5 million bales from last year's level of 1.4 million due to a 40-percent reduction in planted area. One of the largest acreage declines is expected in Sinaloa, a major producing region. Farmers expressed dissatisfaction with domestic and export prices. In addition, planting decisions were made prior to the devaluation of the peso. Most of the land which would have been planted to cotton will be used for wheat and soybeans, particularly in the northwestern section of Mexico.

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SYRIA's actions to reverse the shift from cotton production to sugar-beet cultivation has had a favorable impact on cotton output during the past several years. Higher procurement prices, better pest control practices and proper fertilizer usage have stimulated production. The 1981 cotton procurement price was raised 42 percent above the 1980 level and the 1982 procurement price is expected to be raised an additional 20 percent. Barring unfavorable weather conditions during the growing and harvesting period, all of these measures are expected to result in an increased 1982/83 Syrian cotton crop.

WORLD cotton production in 1982/83 is projected at 65.8 million bales, 1.9 million below last month's estimate and 5.5 million below the record 1981/82 crop of 71.3 million bales. This month is again highlighted by the United States, which is expected to account for the bulk of the anticipated world production decline. Current estimates place the 1982/83 U.S. cotton crop at 10 million bales, or 2.5 million below last month's estimate. The reduction in U.S. output is attributable to recent severe weather conditions in Texas, planted acreage declines of about a fifth, and lower prices.

Foreign output is currently estimated at a record 55.8 million bales, 600,000 bales above last month's estimate and slightly above the previous year's level. The major changes responsible for this month's slightly higher foreign production estimate are a nearly 5.6-percent increase in Chinese cotton plantings and an increase in the support prices and introduction of high-yielding varieties in Pakistan. Major foreign production declines are expected in Mexico, Egypt, and Central America, primarily due to acreage decreases.

HORTICULTURAL AND TROPICAL PRODUCTS

In BRAZIL, unseasonably heavy rains and high winds last week may have adversely affected the 1982/83 coffee crop. In Parana, high winds may have caused the loss of some unharvested dry ripe coffee cherries. Heavy rains could have caused some losses of cherries in northern Parana and, to a lesser extent, in southwest Minas Gerais, where the crop is still ripening. The possibility of weather-related 1982/83 crop losses in Brazil will be closely monitored by the office of the U.S. agricultural counselor in Brasilia over the next few weeks.

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Fresh mushroom production for 1982 in SOUTH KOREA and TAIWAN is expected to total 64,395 tons, 22 percent below the 1981 level. The decline is due mainly to higher production costs and reduced export prospects resulting in less favorable economic returns to growers. In South Korea, production is forecast to decline 30 percent to 13,250 tons in 1982. Competition from China in Korea's traditional export markets continues to reduce shipments. Higher labor costs and a pessimistic market outlook are expected to cause a 20-percent reduction in Taiwan's 1982 production to 51,145 tons.

In the UNITED STATES, imports of raw sugar were 913,750 tons, valued at \$296.6 million, during the first 5 months of 1982, according to the U.S. Census Bureau. This compares with 1,512,551 tons during the same period in 1981. May imports totaled only 130,603 tons, less than half the 365,561 tons brought in during May of 1981. The principal supplier of sugar to date has been Thailand with 224,982 tons. Imports of refined sugar totaled only 417 tons, valued at \$268,000.

U.S. exports of raw sugar remained minimal at 1,393 tons, valued at \$310,129, while exports of refined sugar totaled 19,808 tons, worth \$8.9 million. The principal destinations for refined sugar were Jamaica (6,000 tons) and Trinidad-Tobago (4,233). Exports of refined sugar during the first 5 months of 1981 were 327, 984 tons, valued at \$223.6 million.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	: July 13, 1982	: Change from		: A year ago	
		: previous week			
		: :			
		\$ per m. ton	\$ per bu.	€ per bu.	\$ per m. ton
Wheat					
Canadian No. 1 CWRS-13.5%.....	197.00	1/	5.36	-0	240.00
U.S. No. 2 DNS/NS: 14%.....	176.00		4.79	-.4	194.00
U.S. No. 2 DHW/HW: 13.5%.....	1/		1/	1/	202.00
U.S. No. 2 S.R.W.....	141.00		3.84	-.27	158.00
U.S. No. 3 H.A.D.....	108.00		4.57	-.15	199.00
Canadian No. 1 A: Durum.....	1/		1/	1/	1/
Feed grains:					
U.S. No. 3 Yellow Corn.....	124.50		3.16	+.07	161.50
U.S. No. 2 Sorghum 2/.....	1/		1/	1/	164.00
Feed Barley 3/.....	1/		1/	1/	147.00
Soybeans:					
U.S. No. 2 Yellow.....	250.00		6.80	+.12	306.00
Brazil 47/48% Soya Pellets 4/	.216.00		--	+1.50 5/	302.00
U.S. 44% Soybean Meal (MT)....	213.00		--	+1.00 5/	257.00
EC Import Levies					
Wheat 6/.....	102.70		2.80	+.22	84.55
Barley.....	88.50		1.93	+.02	77.15
Corn.....	90.45		2.30	-.13	56.60
Sorghum.....	91.90		2.33	-.07	52.50

1/ Not available.

2/ Optional delivery: Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Argentine.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis July delivery.

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